MEDPAC Medicare Payment Advisory Commission

MEETING BRIEF

November 15, 2001

Medicare complexity and regulatory burden

ISSUE: Are Medicare regulations unnecessarily burdensome to providers and beneficiaries and if so, can the situation be improved? In the Balanced Budget Refinement Act of 1999 the Congress directed MedPAC to report by December 31, 2001 on the complexity of the Medicare program and the levels of burden placed on providers through Federal regulations.

KEY POINTS: Medicare is a large and complex program. Some of the complexity may be irreducible because of the scope of the program, the fiduciary responsibility of the program, and the need for beneficiary protection. Complexity resulting from other causes may be possible to simplify. For example, complexity resulting from historical causes, such as the structure for claims payment, could be simplified.

We make eight recommendations. The first three relate to getting unnecessary complication out of the program by moving to a standard nationwide system for claims processing. The second two simplify the enforcement structure. The others seek to respectively, moderate the pace of change in the program, eliminate obsolete regulation, and better use information technology.

A particular aspect of the problem we will emphasize is that providers primarily interact with fiscal intermediaries (FIs) and carriers and their automated systems, not with CMS. Therefore, the ways in which FIs and carriers put regulations into practice determines to a great extent how providers perceive the Medicare program. At the same time, the HHS Office of Inspector General and the Department of Justice may interpret statute and regulations differently from the FIs and carriers, and that potential inconsistency is a source of anxiety for providers and an area for possible improvement.

ACTION: At this meeting we will seek the Commissioners' guidance on the draft recommendations.

STAFF CONTACT: David Glass (202-653-2641)